

AR21



SILVER STANDARD MINES LIMITED

(Non-Personal Liability)

**TWENTY-FIFTH
ANNUAL REPORT
1972**

SILVER STANDARD MINES LIMITED

DIRECTORS

DONALD M. CLARK, Q.C. Vancouver, B.C.
HARRY B. GILLELAND Vancouver, B.C.
NORMAN B. KEEVIL, Jr., P.Eng. Toronto, Ont.
ALEX C. RITCHIE, P.Eng. Vancouver, B.C.
E. CECIL ROPER, P.Eng. Vancouver, B.C.
JOHN E. SMART Vancouver, B.C.
JOHN W. STEWART, P.Eng. Vancouver, B.C.
LEONARD G. WHITE, P.Eng. Vancouver, B.C.
KEITH A. WILSON Vancouver, B.C.
RIDGEWAY W. WILSON, P.Eng. Vancouver, B.C.

OFFICERS

President and Chief

Executive Officer RIDGEWAY W. WILSON, P.Eng.

Executive

Vice-President ALEX C. RITCHIE, P.Eng.

Vice-President DONALD M. CLARK, Q.C.

Secretary-Treasurer ROBERT H. RAYNER

Transfer Agents and Registrars

The Canada Trust Company,
901 West Pender Street, Vancouver, B.C.

110 Yonge Street, Toronto, Ont.

Head Office

808-602 West Hastings Street, Vancouver, B.C.

Auditors

Campbell, Sharp, Nash & Field Vancouver, B.C.

The Annual General Meeting of the Shareholders of Silver Standard Mines Limited, (Non-Personal Liability) will be held on Wednesday July 12, 1972, in the Kent Room, Hotel Georgia, Vancouver B.C., at 11:00 o'clock in the forenoon (Vancouver Time).

Cover Photo —
Moving diamond drill skids by helicopter on Minto property.

SILVER STANDARD MINES LIMITED
 (Non-Personal Liability)

COMPARATIVE INTERIM FINANCIAL STATEMENTS
for the six months ending September 30, 1972 and 1971

SOURCE & APPLICATION OF FUNDS

SOURCE OF FUNDS:	1972	1971
Working Capital—beginning of period	\$288,476	\$425,362
Interest income from investments ..	4,126	7,431
Royalty income	—	434
Management income	108,956	133,442
Equipment rentals	7,164	9,200
Received from Jedway Iron Ore ..	—	10,300
Sale of sundry assets	650	841
	<u>\$120,896</u>	<u>\$161,648</u>

APPLICATION OF FUNDS:

Operating expense	\$126,828	\$134,253
General exploration	471	978
Mining properties—exploration & development	9,664	9,142
Due from associated companies	96,058	52,089
Deferred account receivable	—	600
	<u>\$233,021</u>	<u>\$197,062</u>
(Decrease)/Increase in Working Capital	<u>\$(112,125)</u>	<u>\$(35,414)</u>
Working Capital—end of period	<u>\$ 176,351</u>	<u>\$ 389,948</u>

OPERATIONS

INCOME:		
Interest income	\$ 23,032	\$ 25,841
Royalty income	—	434
Management & engineering services	108,956	133,442
Rental income	7,164	9,200
	<u>\$139,152</u>	<u>\$168,917</u>

EXPENSES:

Operating costs	\$126,828	\$134,253
General exploration	471	987
	<u>\$127,299</u>	<u>\$135,240</u>
NET INCOME	<u>\$ 11,853</u>	<u>\$ 33,677</u>

Note:

1. No depreciation is included in operating costs.
2. No income taxes are payable.
3. The above figures are subject to audit and year-end adjustment.
4. Teck Corporation has expended \$1,590,866 on the company's properties and has received 533,333 shares for the first \$1,000,000 and is entitled to receive 393,911 shares for the additional \$590,866 expended.



808 - 602 WEST HASTINGS ST.
VANCOUVER 2, B.C.

**SILVER
STANDARD
MINES
LIMITED**

SEMI-ANNUAL REPORT
November 10, 1972

Globe & Mail
140 King Street West
Toronto, Ontario





SILVER STANDARD MINES LIMITED

(Non-Personal Liability)

SEMI-ANNUAL REPORT

To the Shareholders:

Silver Standard has experienced its usual busy summer work season. Budgets were fixed for a total of 25 projects, ten of which were in the Western United States and Alaska, four in the Yukon Territory, and the remainder spread throughout British Columbia. Because the futures for gold and silver appear bright, more than the usual amount of effort was expended in the search for new precious metal deposits. Some gold properties that our company has held for many years have been re-appraised in anticipation of a further strong surge of interest in gold.

During the past summer, Hecla Operating Company continued its diamond drilling program at the Schaft Creek copper-molybdenum property of Liard Copper Mines. A total of 8950 feet was drilled in ten holes. The reserve at Schaft Creek of some 400 million tons reported at the time of the last Annual Report has been increased modestly. Reserves within the higher grade West Breccia Zone have been placed in a firmer category.

Transportation into Northwestern B.C. is now a fact and as a result the country is being opened up. This fall it became possible to drive the full length of the new highway that connects Terrace and Stewart, B.C. with Watson Lake on the Alaska Highway. Good progress is being made on the extension of the B.C. Railway to Dease Lake and it has been shown that relatively cheap hydro power is available for development when the first customer is prepared to go into production.

For reasons largely beyond its control, Summitomo Metal Mining Canada Ltd. has elected not to proceed with the next stage of its option at the nickel-copper property of Nickel Mountain Mines. Summitomo

expended some \$750,000 over the past two years in driving a long low-level crosscut adit and underground diamond drilling. This work will be of immense value when, as is expected, a drill program is resumed.

At the Minto copper prospect in the Yukon Territory, Silver Standard and American Smelting & Refining Company are equal partners. A further 6139 feet of diamond drilling was completed, which, together with that drilled last year, brings the total to 9765 feet in 19 holes. Trenching proved to be a useful tool for tracing the mineralized zones and two big cats have cut 57 trenches into bedrock. A total of 14,860 lineal feet of trench was sampled and assayed for copper. This season, an airstrip was constructed on the Minto property, greatly facilitating the movement of supplies and personnel. The drilling and trenching have demonstrated that good grade copper occurs in closely spaced but erratically distributed zones. At least four such zones, none of which has been delimited, can be assigned some tonnage of ore-grade material. Large adjoining areas of swamp and deep overburden remain untested.

Also in the Yukon, a silver anomaly of unusually high metal content now has been shown to be associated with a lead anomaly extending up-slope from the silver. An I.P. survey has produced a long anomaly that coincides with an E.M. conductor mapped last year. Recently an additional 36 claims have been staked to protect the silver-lead anomalies and extensions. It is anticipated that next season a bulldozer will be walked into the property, and hopefully targets will be outlined for drilling.

Silver Standard's American operations take on added importance as governments in our own country seemingly compete in discouraging the normal development of the resources we are so fortunate in having. Of late, incentives have been removed, taxes heaped upon taxes, and now there is the promise of a new impediment in the form of a royalty on metal exported in mineral concentrates.

As a result of our exploration in Northern Washington, two properties were subjected to preliminary surveys that unfortunately produced no real encouragement. Work now is concentrated on a new well-mineralized area for which we expect to be able to announce a drill program in the spring. A low-budget exploration program in Central Idaho in which Silver Standard participated resulted in the staking of a strong coppermoly anomaly that is as yet unexplained. Further investigation of the Red Ledge property must be deferred until such time as we are assured industrial activity is welcome in the Snake River drainage. Through our subsidiary, American Standard Explorations Inc., our staff is investigating two unusual projects that are allied to the mineral industry and which have exciting potential.

Silver Standard's equity in Liard Copper Mines is an increasingly valuable asset that eventually will produce a substantial cash flow for your company. As well as Liard Copper, several other prospects on our long list of mineral properties have copper and molybdenum as their principal metals. At the present time the copper price is depressed and molybdenum concentrates are not readily saleable. However, management is aware of factors that will have the effect of increasing the price of copper over the medium term and also is confident there will be a market for molybdenum. The timing of such properties as Liard Copper coming into production may very well be such that the operations benefit from the next round of high metal prices. In the interval, management will concentrate on the precious metals, put additional effort into the lead-zinc properties, and pursue one or two relatively far-out projects that have a chance of success and which may create some additional interest in our company.

On behalf of the Board of Directors,
R. W. WILSON
President
November 10, 1972



REPORT TO SHAREHOLDERS:

It is a pleasure to submit the Annual Report of your company. The report this year represents a milestone, for it is the 25th Annual Report that has been published since Silver Standard was incorporated in 1946.

During the year just past Silver Standard budgeted for twenty-two exploration projects, at a total cost to the company and its associates of \$1,900,000. It is noteworthy that some form of drill test was carried out on no fewer than seventeen mineral properties. These numerous and varied programs would represent a high degree of activity for the largest mine exploration company.

The Financial Statements that are a part of this report demonstrate that Working Capital at March 31, 1972 was \$288,476, a decrease of \$136,886 from that reported at the previous year end. The Directors intend to take steps to improve the Working Capital position of your company. Again it is pointed out that the considerable monies expended by Teck Corporation in the exploration and development of Silver Standard properties are not reflected in the Financial Statements. From July 31, 1969 and up to March 31, 1972, this very aggressive company has expended \$1,349,589 on Silver Standard projects, and in return has been issued, or stands to be issued, a total of 766,393 shares. The association with Teck Corporation continues to be co-operative and, in our view, mutually rewarding.

Referring to the Balance Sheet, it is again necessary to explain by way of a note the sum of \$161,206 which is included under Other Assets. This amount represents accrued interest to March 31, 1972 deemed due from Jedway Iron Ore Ltd. and Granby Mining Company on the balance of \$670,454.50 owing from the sale of the Queen Charlotte iron property. Your company received a favorable judgment in its suit for the payment of interest before the Supreme Court of British Columbia, which subsequently was upheld by the Court of Appeal. Unfortunately, Granby Mining Company has not paid interest accruing since the judgment, and

it has been necessary to enter a second suit for the payment of such interest.

During the field season, Hecla Operating Company pursued its exploration drilling at the Schaft Creek property of Liard Copper Mines with continued excellent results. Two rows of vertical holes across the heart of the Main Liard Zone removed any possible doubt regarding continuity of the ore, returned better-than-average grades, and indicated a favorable open pit configuration with low stripping ratio. Silver Standard engineers now estimate the total reserves at Schaft Creek to be 430 million tons, sufficient to support a 40,000-ton-per-day operation for 30 years. Last year, an extension of the previous I.P. surveys produced anomalous results that suggest the possibility of greatly expanding this already impressive tonnage.

Several recent events indicate the timetable for development of Silver Standard's properties in Northwestern British Columbia is about to be advanced more rapidly. The Stewart-Cassiar Highway virtually is completed and the extension of the B.C. Railway to Dease Lake will have a general beneficial effect in opening up the region. With the advent of the railroad, and in order to attract the industry to provide needed freight traffic, it is logical that cheap power must follow. Brinco has conducted surveys of power sites on the Stikine and Iskut rivers, and it will be difficult for environmental groups to justify opposition to sites which appear to be most suitable for the first phase of development. It is probably not just by chance that one favored location for the long-awaited copper smelter is adjacent to the B.C. Railway tracks near Clinton, B.C.

Of great interest to your company is the renewed activity at the Galore Creek property of Stikine Copper Mines. Hudson Bay Mining and Smelting Company has announced a two-year program of fill-in drilling on the Central Zone that probably will be followed by engineering feasibility studies. This is without question an outstanding copper orebody that will require an enormous amount of capital to bring into production. Continuing work towards this end would result in renewed interest in the several

fine prospects adjacent to Galore Creek that Silver Standard shares with American Smelting & Refining Co. and others.

At the Iskut River property of Nickel Mountain Mines, Sumitomo Metal Mining Canada Ltd. continued the underground drill program from the long exploration adit driven the previous year. To date, Sumitomo has had no success in locating the downward extensions of the nickel-copper zones previously trenched and drilled by Silver Standard. Because nickel markets are weak, Nickel Mountain Mines has acceded to a request that major work commitments be deferred for a period of one year.

As has been the case in the past two seasons, Silver Standard and its partner, American Smelting & Refining Co., again will have a considerable budget for the Dawson Range area of the Yukon Territory. The initial geochemical reconnaissance conducted in 1970 last year led our prospectors to what we now refer to as the Minto Copper property. Copper mineralization, some of it high grade, has been found over a large area in hand trenches and drill holes put down just prior to freeze-up. The work at Minto resumed May 15 and the partners are optimistic for the property's chances. Silver Standard and Asarco have staked other groups in the Yukon, and hopefully there will be more before all the follow-up has been completed this year. Particularly intriguing is an exceptional silver anomaly of good dimensions where further work will be carried out this season.

Silver Standard had work programs at numerous other mineral properties throughout British Columbia. As a result of the renewed prospecting venture in the Stikine River area over the past two years, Silver Standard has staked two copper prospects and an asbestos occurrence. The properties were mapped, trenched, and sampled last year and now some form of drill test is warranted. A porphyry-type copper occurrence located north of Smithers, B.C. was drilled with disappointing results. Also in Central B.C., Silver Standard drilled a single hole at the Goosly Lake property of Dorita Silver Mines. Drilling proved most difficult and the

hole was abandoned far short of completion with negative results. At least one further hole is scheduled for this summer. Farther south and in the Coast Range, some hand trenching and packsack drilling were carried out on a copper prospect. Results were inconclusive and further work has been recommended for a later date. Two molybdenum areas were mapped and sampled. High grade moly of unknown dimensions on one of the properties looks attractive and merits drilling, but any substantial program must await some turnaround of the molybdenum market.

Silver Standard has widespread interests in the Western United States. Unfortunately for the program at the Red Ledge option, there is a movement afoot to create some form of recreational reserve on the Snake River, and no further work can be contemplated until we are assured that industry will not be excluded from the region. There was a large amount of drilling carried out adjacent to Silver Standard's Richmond claims in Northern Washington during the past year. The work met with some success, and there is a good possibility the area will get a further test and that the Silver Standard claims will be included. The exploration venture in Northern Washington which we share with an American major will continue for the third season. Likewise, your company will participate again in a modest prospecting program in Southern Idaho and Nevada. On our own account, we have continuing small but unusual projects in Southern Oregon and Northern California that may prove exciting and rewarding.

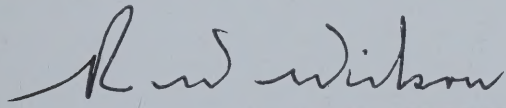
This coming season, crews that have been engaged for the past two years in grass-roots prospecting in Northwestern B.C. have been moved to selected small areas of Southeastern B.C., with specific objectives in mind. A single prospecting party will divide its time between an interesting new area in the Queen Charlotte Islands and the extreme northwestern section of the province.

Record current free-market prices for gold suggest that several of Silver Standard's gold properties soon may be re-assessed. For the first

time in many years, there are gold occurrences included in the many mineral properties our engineers will examine this summer.

The fine effort put forth by the entire Silver Standard staff during the past year is gratefully acknowledged.

On behalf of the Board of Directors,



R. W. WILSON
President



Visiting engineers inspect a drill site at Minto Copper.

LIARD COPPER MINES LTD.

During the 1971 season Hecla Operating Company Ltd. drilled a further 19,366 feet in 22 holes on the Liard Copper Mines property. Three holes were drilled on the adjoining Paramount Mining Co. claims, a total of 2,687 feet. The huge Schaft Creek copper-moly deposit, in which Liard Copper Mines has an approximate 30% interest, now has been subjected to a total of 97,728 feet of drilling in 99 holes. Liard Copper Mines is a private company and a subsidiary of Silver Standard.

Last year's drill results are significant. Two rows of fill-in holes across the central area of the Main Liard Zone returned better-than-average grades and confirmed continuity of the ore, in particular the continuity of a higher grade bornite-rich core. For the first time, it is possible to include some tonnage of measured ore when stating ore reserves at Liard Copper.

Dr. R.H. Seraphim, consulting geologist for Silver Standard Mines, has calculated that drill indicated ore on Liard claims is now 294 million tons grading 0.40% copper and 0.036% molybdenite, a combined grade of 0.51%. There is some tonnage of slightly higher grade on the Paramount property, in which Silver Standard participates by virtue of an agreement that assigns to Liard Copper a 30% interest in the Hecla option. Dr. Seraphim employs an additional category, "outside present pit", for a large tonnage that is for the most part below the present pit floor. Total tonnage at Schaft Creek is now in the order of 430 million tons, sufficient to support a 40,000-tons-per-day operation for 30 years.

Transportation into Northwestern British Columbia is no longer a problem. The few remaining miles of the Stewart-Casuar Highway will be completed this summer, and there will be access to

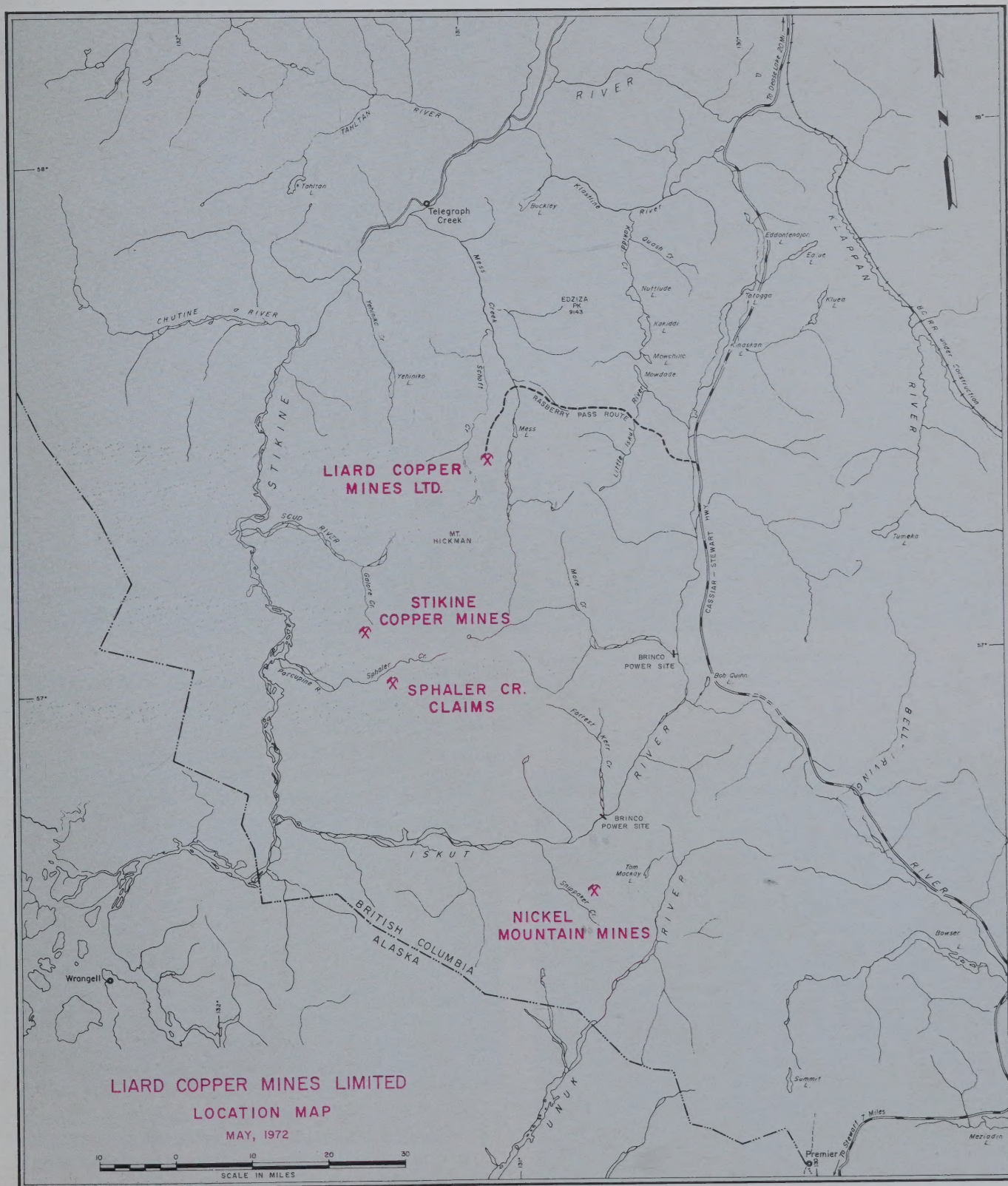
tidewater at Stewart and to the Northern Trans-Provincial Highway at Terrace, B.C. There is every indication that the B.C. Railway extension to Dease Lake will be completed on schedule in 1974. It is logical that the tie-in with the Canadian National northern main line will follow, providing alternate outlets to ports at Prince Rupert and Kitimat.

Large-scale mining operations in Northwest B.C. probably are not viable without an assured source of power at reasonable cost. Brinco has conducted much-publicized surveys of potential power sites on the Iskut and Stikine rivers. Sites at More Creek and Forrest Kerr Creek, tributaries of the Iskut, are capable of producing relatively small amounts of power, but appear ideal for initial exploitation, in that they could be developed quickly and cheaply with minimal disruption to the ecology of the region.

Hecla resumed the drill program at Schaft Creek early in June. In part, the current drilling will test a possible extension of the Main Zone that could expand greatly the ultimate Liard tonnage. Of special interest are some holes planned for the Breccia Zone, where previous holes produced copper grades more than double the reserve average.



Viewed from one of the highest drill sites, the Main Liard Zone has gentle slopes ideal for the planned open pit operation



NICKEL MOUNTAIN MINES LTD.

Sumitomo Metal Mining Canada Ltd. continued the underground diamond drill program from the exploration adit driven in 1970. To date, no ore grade mineralization has been encountered at the adit elevation, some 1250 feet vertically below the nickel-copper surface outcrops and 850 feet below the lowest intersection obtained in previous drilling by Silver Standard. The mineral-bearing zones apparently have a flat rake to the west which would carry them beyond the area tested from the adit. Some consideration must now be given to drilling from surface set-ups at elevations above the adit, although the steep rough terrain renders this approach unattractive.

Current nickel markets are weak and there is no urgency to develop new sources. Sumitomo has requested that its major obligations at Nickel Mountain be deferred for a year, and it has been agreed that the program for the coming season may be confined to geological studies aimed at determining the best course for future work.

MINTO COPPER

Work resumed in mid-May at the Minto Copper property jointly held by Silver Standard and American Smelting & Refining Co. The claims are located 150 miles northwest of Whitehorse, Yukon Territory, and the discovery was made late last summer as the result of follow-up from the regional helicopter reconnaissance carried out in 1970. A small staking rush over surrounding ground has resulted in the recording of some 700 claims.

Following the discovery of good grade copper as float and sub-outcrop, a large amount of work was accomplished in the short period before freeze-up. Geochemical surveys produced a strong copper anomaly over a large area. Geophysical work included I.P., E.M., and magnetometer surveys. Numerous hand trenches found copper mineralization in place within the areas of the geochemical and geophysical grids. Fi-

nally, a diamond drill was flown to the site and 3600 feet drilled in seven holes. Copper mineralization, including several important sections of excellent grade, was cut in six of the widely spaced drill holes.

Early this spring a tote road was pushed into the Minto property and equipment and supplies trucked to the site in preparation for a big program. Included were 7000 gallons of diesel fuel. A bulldozer now at the property will be employed to trace the copper mineralization at the surface and to define drill targets. In a relatively short period of time it should be possible to estimate whether the deposit is indeed as important as it appears at this early stage.

AMERICAN PROJECTS

A more favorable tax climate, coupled with labor conditions that are considerably easier to operate under than those presently existing in British Columbia, continue to make our American projects attractive.

At the Red Ledge option in Western Idaho, Cities Service Minerals Corporation drilled three long holes to test the theory that a porphyry-type deposit may underly the copper-zinc-silver zones drilled by Silver Standard. The Cities Service holes did not intersect significant porphyry mineralization and the property was returned to Silver Standard with no dilution of equity.

Silver Standard engineers are of the opinion that the known reserve at the Red Ledge can be expanded sufficiently to support a medium-tonnage operation of moderate grade. A further large diamond drill program has been recommended. However, in recent months environmentalists have exerted great pressure to have the Snake River set aside as some form of recreational area. Best opinion indicates it is unlikely that industry will be excluded, but it is judged imprudent to spend further large sums of money at the Red Ledge until the matter is resolved.



Viewed from approaching helicopter, diamond drill is set up in clearing at Minto Copper



Helicopter approaches the Minto Copper camp over low wooded hills typical of the Yukon River Valley



Diamond drill set-up at Minto Copper

For several years Silver Standard has held a small group of claims immediately south of the border in Washington State. The area is regarded as an extension of the Boundary copper belt. There is now a genuine interest in combining several adjacent claim blocks, including that of Silver Standard, and testing the combined ground for a possible porphyry-type copper deposit.

For the third year, through the wholly owned subsidiary, American Standard Explorations Inc., Silver Standard and a large United States corporation will carry out a joint exploration venture in Northern Washington State. This year, in addition to continuing our grass-roots prospecting, we will have work programs on at least three specific mineral properties.

American Standard has participated with a second American corporation in a modest program based in Southern Idaho and Nevada. This work will continue in the up-coming field season. Throughout the past winter American Standard employed a single prospecting crew in snow-free areas of Southern Oregon and Northern California. This summer, one of our geologists will prospect specific areas of Southwestern Alaska known to be favorable for mineral deposition.

EXPLORATION

Follow-up work continued in the vast area of the Yukon which Silver Standard and American Smelting & Refining Co. covered during 1970 with a unique program of geochemical reconnaissance. Discovery of the Minto Copper prospect, described elsewhere, was a direct outcome of the regional geochemical sampling. Likewise, a single sample from the 1970 program led the prospecting crews to an area of exceptionally high silver that will receive further attention this year. Other areas of interest, noted in the course of the original work and not revisited last season, will be examined in the coming year.



This prospector has chosen a pleasant spot for his temporary camp.



Setting up fuel tanks at Stikine base camp the right equipment makes the job easy



camp



Top Bill Dunn, Superintendent of Exploration, examines outcrops on new asbestos discovery

Asbestos veinlets stand out clearly against typical green host rock

The Stikine area project, a helicopter-supported exploration venture wholly financed by Silver Standard, was directed largely towards follow-up work on prospects that had been discovered during the first year of the operation. Two copper prospects have survived the preliminary stages of mapping and sampling, and probably will receive further work programs this year. An asbestos prospect discovered by our prospectors last season will be re-examined with a view to initiating further work.

In the Coast Range, prospecting was confined to areas adjacent to our previous discoveries. A program of geological mapping, trenching, and packsack drilling was carried out on a copper occurrence. A widespread area of molybdenum was prospected in detail and some of the better mineralization was trenched and sampled. A second group of claims in a favorable molybdenum environment was tested similarly, resulting in the discovery of an occurrence of high grade molybdenum that appears to have important dimensions. Some further work will be done on these properties this year, but no large programs can be considered until there is some improvement in the molybdenum market.

An exploration syndicate in which Silver Standard participated for the second year was active in the Cariboo District. Overburden is deep, rock outcrops are almost non-existent, and work was confined to sophisticated geology and geophysics. Late last fall a few percussion holes were drilled on each of five target areas without producing notable encouragement.

This coming season, in addition to continuing the Yukon project we share with American Smelting & Refining Co., Silver Standard will have a major prospecting venture in the East Kootenay District. A single crew will operate in selected favorable areas in Northwestern British Columbia, and we can count on the usual large number of property examinations our engineers make each year throughout B.C. and the Yukon Territory.



SILVER STANDARD MINES LIMITED

(Non-Personal Liability)

ASSETS

	1972	1971
CURRENT:		
Cash	\$ 28,463	\$ 21,455
Marketable securities — at cost		
Bank — term deposits	200,000	
Bonds (market value \$23,125)	25,500	
	225,500	
ADD: Accrued interest	1,039	379,356
Accounts receivable	42,490	34,041
Inventory — diamond drill bits — estimated	1,326	1,035
Prepaid expenses	5,604	3,309
TOTAL CURRENT ASSETS	304,422	439,196
OTHER ASSETS:		
Deferred receivable — Queen Charlotte Iron Properties (Note 2)	161,206	131,168
Advances receivable — subsidiary companies		
American Standard Explorations Inc.	277,001	
St. Joe Mines Ltd. (N.P.L.)	1,159	
Liard Copper Mines Ltd. (N.P.L.)	323	
Table Mountain Mines Ltd. (N.P.L.)	13,451	
Virginia Silver Mines Ltd. (N.P.L.)	34,842	
Dorita Silver Mines Ltd. (N.P.L.)	432	
	327,208	267,895
	488,414	399,063
INVESTMENTS (Note 1)	753,985	728,606
CAPITAL ASSETS:		
Field office — Smithers, B. C.		
land and buildings at cost, less depreciation	12,005	15,569
Mine equipment — at depreciated value	17,917	21,159
Queen Charlotte Iron Properties — at cost	407,921	
DEDUCT: payments received	328,750	79,171
	79,171	79,171
	109,093	115,899
EXPLORATION AND DEVELOPMENT — at cost (Note 3)	1,000,000	500,000
DEFERRED CHARGES:	Cost	Written-off
Organization expense	\$ 4,305	4,305
Outside exploration (Note 4)	1,868,738	885,119
	1,873,043	885,119
	987,924	967,400
	\$ 3,643,838	\$ 3,150,164

NOTE: The accompanying notes form an integral part of this and related statements.

Approved on behalf of the Board

R. W. Wilson Director
A. C. Ritchie Director

BALANCE SHEET AS AT MARCH 31, 1972.

LIABILITIES

	1972	1971
CURRENT:		
Accounts payable	\$ 15,946	\$ 13,834
TOTAL CURRENT LIABILITIES	<u>15,946</u>	<u>13,834</u>
DEFERRED INTEREST PAYABLE	<u>4,366</u>	<u>11,397</u>

SHAREHOLDERS' EQUITY

SHARE CAPITAL: (Notes 5, 6 and 7)

Authorized		
10,000,000 common shares of 50 cents each	<u>\$ 5,000,000</u>	
Issued		
5,311,247 common shares of 50 cents each	2,655,623	
ADD: premium on shares	<u>1,597,969</u>	
	4,253,592	
DEDUCT: capital deficit	<u>525,929</u>	
	<u>3,727,663</u>	<u>3,227,663</u>
DEFICIT — per exhibit "B"	(104,137)	(102,730)
	<u>\$ 3,643,838</u>	<u>\$ 3,150,164</u>



NOTES TO FINANCIAL STATEMENTS as at March 31, 1972

NOTE 1: INVESTMENTS:

Subsidiary Companies	Common Shares	Percent Equity	Cost
American Standard Explorations Inc....	500	100.0%	\$ 500
Table Mountain Mines Ltd. (N.P.L.)	33,653	51.5	32,909
Liard Copper Mines Ltd. (N.P.L.)	1,172,370	65.6	100,542
Nickel Mountain Mines Ltd. (N.P.L.)	1,020,852	71.8	119,755
Virginia Silver Mines Ltd. (N.P.L.)	2,587,430	92.0	3,201
Dorita Silver Mines Ltd. (N.P.L.)	1,388,640	67.5	327,933
Other			
Albeta Mines Ltd. (N.P.L.)	304,167	18.2	35,792
Carnegie Mining Corporation Ltd. (N.P.L.)	25,000		2,500
Central Nansen Mines Ltd. (N.P.L.) at nominal value	31,350		1
Climax Copper Mines Ltd. (N.P.L.)	80,750	11.5	8,075
Emrex Mining Ltd. (N.P.L.)	25,000		5,000
Grassy Lake Syndicate	5 units	5.0)	32,050
Northlake Mines Ltd. (N.P.L.)	91,500	5.6)	
Ingenika Mines Ltd. (N.P.L.)	50,000		1,500
Silmonac Mines Ltd. (N.P.L.)	519,859	17.5	84,227
			<u>\$ 753,985</u>

The subsidiary companies are holding mining properties for development and/or are carrying out development work either directly or indirectly and are non-operating.

Market values of investments generally are not significant as the shares are either not being actively traded or are held in escrow or are subject to only light trading due to being inactive or in process of development. The investment of 519,859 shares of Silmonac Mines Limited, an operating company, includes 115,719 free shares and 404,140 in escrow. The market value of the free shares was \$33,558 as at March 31, 1972.

There is an option outstanding to a senior officer to purchase 50,000 shares of Dorita Silver Mines Ltd. at 40 cents per share exercisable fully or in part in the year ended December 30, 1972.

NOTE 2:

The Queen Charlotte Iron Property was sold on April 28, 1961, in accordance with the terms of an agreement with Granby Mining Co. Ltd. for \$1,000,000, with a \$250,000 down payment and interest at 6% on the balance until paid, plus a royalty of 25 cents per long ton of concentrates shipped in excess of 1,000,000 long tons. The agreement was then assigned by Granby Mining Co. Ltd. to a new company "Jedway Iron Ore Ltd." with the guarantee by Granby Mining Co. Ltd. of all covenants and obligations in the agreement. Interest was received on a quarterly basis from July 1, 1962 to December 31, 1967, and the royalties of 25 cents per long ton of concentrates shipped were received up to and including the final shipment of concentrates.

After closing down their operations on the property in February, 1968, Jedway and Granby refused to pay any further interest.

However, as the result of a successful legal action, interest of \$10,906 was received in April, 1971 for the period January

1, 1968 to March 31, 1968. Interest from April 1, 1968 to March 31, 1972 has been accrued in the company accounts and a further legal action for \$130,897.98 being interest due for the period April 1, 1968 to June 30, 1971, is presently before the Court.

NOTE 3: EXPLORATION AND DEVELOPMENT — \$1,000,000

This amount represents exploration and development work carried out by Teck Corporation Limited in respect of which 200,000 shares were issued at \$2.50 per share in 1970 and 333,333 shares were issued at \$1.50 per share in 1971.

NOTE 4: OUTSIDE EXPLORATION:

The amount written off relates to mineral claims which have been abandoned. The balance represents exploration and development expenditures on properties currently under development or held for future work. The company expects to recover \$33,000 of these costs from Silmonac Mines Limited for the preliminary development work on its property.

NOTE 5:

Employee share options to purchase 120,000 shares (57,500 shares up to December 30, 1972 and 62,500 up to December 30, 1973) at \$1.52 per share are outstanding as at March 31, 1972.

NOTE 6:

The option agreement with Teck Corporation Limited provides for an expenditure of \$2,500,000 on company properties over a five year period commencing in 1969 of which \$1,000,000 is a firm commitment and \$1,500,000 is at Teck's option. The total expenditures to March 31, 1972 amounted to \$1,349,589.49. 333,333 shares were issued at \$1.50 per share to Teck Corporation Limited during the year for a second \$500,000 of expenditures. There has been \$349,589.49 expended against the third \$500,000 commitment and the balance must be expended by December 31, 1972. Shares may also be taken for this \$500,000 and future expenditures based on the average market price for the preceding ninety days less the discount allowed by the Vancouver Stock Exchange but not less than \$1.50 per share. In addition to the foregoing and in consideration of the expenditures referred to above, the Teck Corporation Limited also has an option on a further 2,000,000 shares exercisable at 400,000 shares per year (cumulative) based on the average market price during the 90 days prior to purchase, less allowable discount but not less than \$1.50 per share for each \$500,000 annual expenditure made.

NOTE 7: ISSUED SHARE CAPITAL:

	Common Shares	At Par Value	Premium	Total
Balance - March 31, 1971	4,977,914	\$ 2,488,957	\$ 1,264,635	\$ 3,753,592
ADD:				
Shares issued under terms of Teck agreement	333,333	166,666	333,334	500,000
Balance - March 31, 1972	<u>5,311,247</u>	<u>\$ 2,655,623</u>	<u>\$ 1,597,969</u>	<u>\$ 4,253,592</u>

NOTE 8:

Your company has an agreement with Wilson Mining Corporation Ltd. which grants that company options to purchase up to ten percent interest in any mining properties from the date any such properties are acquired, and terminating April 1, 1985.

OPERATING STATEMENT for the year ended March 31, 1972 Exhibit "A"

	1972	1971
REVENUE:		
Jedway Iron Ore Ltd. — interest	\$ 47,368	\$ 36,719
Lease rental and royalties	827	886
Equipment rental	12,499	15,166
Investment income	12,649	40,351
	<u>73,343</u>	<u>93,122</u>
DEDUCT: GENERAL AND ADMINISTRATIVE EXPENSE:		
Salaries - engineering and supervision	\$ 79,705	\$ 91,200
- office	27,717	25,788
Pension plan	5,731	4,818
Pension plan consulting fees and expenses	5,166	
Employee benefits	11,345	11,621
Directors' remuneration as executive officers	60,224	55,181
Directors' fees	9,750	9,000
Employees' bonus	3,085	
Travelling	1,287	2,189
Field office operation	1,315	2,255
Equipment repairs and maintenance	984	1,628
Truck expense	2,090	2,923
Transfer agent's fees	7,244	6,210
Legal and audit	3,425	20,189
Annual meeting and interim reports	6,806	6,889
Dues, fees and licenses	4,595	2,323
Telephone and telegraph	2,263	2,748
Office rent	10,333	9,476
Office supplies	5,022	3,518
Storage fees	666	666
Insurance	1,892	1,840
Bank interest and exchange	77	140
Advertising	2,786	2,341
General expense	5,302	4,162
	<u>258,810</u>	<u>267,105</u>
LESS: management services recovered	201,963	
charged outside exploration	<u>1,373</u>	
	<u>203,336</u>	<u>234,117</u>
	<u>55,474</u>	<u>32,988</u>
OPERATING PROFIT	<u>17,869</u>	<u>60,134</u>
ADD: Sundry income	<u>805</u>	
	<u>18,674</u>	<u>60,134</u>
DEDUCT: Exploration and development written off		
current year	3,207	6,096
prior years	6,098	76,168
	<u>9,305</u>	<u>82,264</u>
Depreciation—equipment	9,862	9,633
Loss on sale of equipment	914	
	<u>20,081</u>	<u>91,897</u>
LOSS FOR THE YEAR—to exhibit "B"	<u>\$ 1,407</u>	<u>\$ 31,763</u>

**DEFICIT STATEMENT** for the year ended March 31, 1972

Exhibit "B"

	1972	1971
BALANCE — at beginning of year	\$ 102,730	\$ 70,967
ADD: Loss for the year per Exhibit "A"	1,407	31,763
BALANCE — at end of year — to balance sheet	<u>\$ 104,137</u>	<u>\$ 102,730</u>

**SOURCE AND APPLICATION
OF WORKING CAPITAL STATEMENT**

Exhibit "C"

for the year ended March 31, 1972

	1972	1971
WORKING CAPITAL — beginning of year	<u>\$ 425,362</u>	<u>\$ 821,699</u>
ADD: SOURCE:		
Operating profit before non-cash charges	18,674	60,134
Proceeds of issue of 20,000 common shares		30,400
Sale of - mine supplies		252
- development equipment		250
- truck	1,350	
Proceeds - sale of shares	841	
Deferred interest payable		3,508
	<u>20,865</u>	<u>94,544</u>
DEDUCT: APPLICATION:		
Purchase of equipment	1,337	1,693
Purchase of office equipment	372	193
Purchase of truck	3,611	
Outside exploration	29,829	125,745
Advances to subsidiary companies	59,313	219,883
Deferred interest receivable	30,038	40,226
Investments - shares of subsidiary companies	26,220	103,141
Reduction in deferred interest payable	7,031	
	<u>157,751</u>	<u>490,881</u>
DECREASE	<u>136,886</u>	<u>396,337</u>
WORKING CAPITAL—end of year	<u>\$ 288,476</u>	<u>\$ 425,362</u>

SILVER STANDARD MINES LIMITED

(Non-Personal Liability)

